

Message Text

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C O R R E C T E D C O P Y (OMISSION LINE 6, PARA 4)

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TAGS: ETRD, OAS

SUBJECT: FIFTH REGULAR MEETING OF THE OAS SPECIAL COMMITTEE
FOR CONSULTATION AND NEGOTIATION

1. SUMMARY: THE FIFTH ANNUAL MEETING OF THE OAS SPECIAL
COMMITTEE FOR CONSULTATION AND NEGOTIATION (SCCN) FOCUSSED
ITS ATTENTION LARGELY ON THE PROPOSED US SYSTEM OF GENERAL-
IZED PREFERENCES (GSP) WHICH IS INCLUDED AS TITLE V OF TRADE
REFORM ACT. LATIN AMERICANS DRAFTED DECLARATION EXPRESSING
DEEP CONCERN OVER VARIOUS PROVISIONS OF GSP, PARTICULARLY
THOSE PROVISIONS IN SENATE FINANCE COMMITTEE VERSION WHICH
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WOULD AUTOMATICALLY EXCLUDE FROM GSP THOSE COUNTRIES WHICH

(1) ARE MEMBERS OF OPEC, (2) ARE MEMBERS OF CARTELS WHICH RAISE PRICES ON EXPORTS OF VITAL COMMODITIES, AND (3) NATIONALIZE US-OWNED PROPERTY IN VIOLATION OF INTERNATIONAL LAW. DECLARATION ALSO STATED THAT SHOULD THESE PROVISIONS BE ENACTED AND ENFORCED, IT COULD LEAD TO THE "DE FACTO INOPERATIVENESS" OF THE NEW DIALOGUE. MEETING ALSO DEALT WITH ISSUE OF FINANCING EXPORT PROMOTION PROGRAMS DURING WHICH USDEL MADE CLEAR THAT US COULD NOT PROVIDE ANY "NEW SPECIAL FUNDS" IN THIS CONNECTION. END SUMMARY.

2. THE FIFTH ANNUAL MEETING OF THE SCCN MET IN WASHINGTON DEC. 9-12. RELATIVELY ROUTINE PROPOSED AGENDA HAD BEEN AUGMENTED BY MEXICAN REQUEST TO INCLUDE CONSIDERATION OF STATUS OF THE TRADE REFORM ACT PRESENTLY UNDER CONSIDERATION BY THE CONGRESS. ON THIS ITEM IT WAS AGREED THAT US WOULD MAKE PRESENTATION ON TRA AND THAT ROUTINE WORK ON SCCN REPORT TO IA-ECOSOC SHOULD PROCEED IN WORKING GROUP. USDEL MADE PRESENTATION OF STATUS OF TRA ACKNOWLEDGING THAT SENATE FINANCE COMMITTEE VERSION, WHICH PROVIDES FOR AUTOMATIC EXCLUSION FROM GSP OF CERTAIN CATEGORIES OF COUNTRIES, HAD NOT BEEN MODIFIED IN COMMITTEE, BUT THAT ADMINISTRATION WAS HOPEFUL THAT TROUBLESOME AMENDMENTS COULD BE DELETED OR MODIFIED IN HOUSE-SENATE CONFERENCE COMMITTEE. USDEL NOTED THAT SECRETARY KISSINGER'S STATEMENT TO THE SENATE FINANCE COMMITTEE EXPRESSED ADMINISTRATION'S SERIOUS CONCERN WITH THE RESTRICTIVE AMENDMENTS. ALSO, IT WAS POINTED OUT IN RESPONSE TO LA QUERIES THAT ASSISTANT SECRETARY ROGERS IN HIS SPEECH OF DECEMBER 3 DID NOT DENIGRATE, BUT RATHER AFFIRMED THE ROLE OF THE OAS IN CONFRONTING PROBLEMS WITHIN THE HEMISPHERE THAT ARE BASICALLY OF A GLOBAL NATURE.

3. ECUADORAN DELEGATION RESPONDED BY STATING THAT PASSAGE OF THE SENATE VERSION WOULD CONSTITUTE ECONOMIC COERCION AND THAT THE NEW DIALOGUE COULD NOT BE MAINTAINED WHILE THE THREAT OF COERCION EXISTS. HE ALSO CHARACTERIZED THE SENATE VERSION OF TRADE BILL, IF ENACTED, AS A FLAGRANT VIOLATION OF THE OAS CHARTER. PERU, ARGENTINA AND VENEZUELA WERE QUICK TO SUPPORT ECUADOR, AND PERU ADDITIONALLY UNCLASSIFIED

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OBSERVED THAT EXISTENCE OF SENATE VERSION DESPITE CONTINUOUS EXPRESSIONS OF LATIN CONCERN IN SCCN RE TRA INDICATES THAT SCCN EFFORTS HAVE BEEN IN VAIN. MEXICO INTERVENED AT THIS POINT IN EFFORT TO MODERATE THE TONE OF LA PRESENTATIONS. MEXICANS AGREED AND SYMPATHIZED WITH FRUSTRATIONS OF THEIR LA COLLEAGUES AND NOTED THAT AT GUATEMALA SCCN MEETING LA CONCERNS HAD BEEN LISTED. HOWEVER, SECRETARY KISSINGER'S TESTIMONY TO SENATE FINANCE COMMITTEE

HAD ONLY REFLECTED SOME OF THOSE CONCERNS AND IT APPEARED THAT LA CONCERNS WERE NOT BEING ACTED ON BY THE ADMINISTRATION. HE ASKED WHAT VALUE ARE LA STATEMENTS IF THEY RESULT IN NOTHING. REMAINDER OF SESSION CONTINUED IN SIMILAR VEIN UNTIL MEETING ADJOURNED SO AS TO PERMIT CAUCUS OF LA DELEGATIONS.

4. ON THURSDAY, LA DELEGATIONS FORMALLY PRESENTED DECLARATION OBJECTING TO TRA PROVISIONS THAT WOULD DENY GSP BENEFICIARY STATUS TO OPEC MEMBERS, MEMBERS OF CARTELS WHICH WITHHOLD OR RAISE PRICES OF VITAL COMMODITIES, AND COUNTRIES EXPROPRIATING US PROPERTY IN VIOLATION OF INTERNATIONAL LAW. THE PROVISION REQUIRING THE PRESIDENT TO TAKE INTO ACCOUNT ASSURANCES OF FAIR AND REASONABLE ACCESS TO MARKETS AND BASIC COMMODITY RESOURCES IN DECIDING WHETHER TO DESIGNATE A COUNTRY WAS LISTED AS OBJECTIONABLE. IN ADDITION, THE DECLARATION CITED TRA PROVISIONS THAT COULD HINDER MEMBERS OF A FREE TRADE AREA OR CUSTOMS UNION FROM OBTAINING FULL BENEFIT FROM THE GSP. FINALLY, THE DECLARATION OBJECTED TO THE COMPETITIVE NEED PROVISIONS AND THE PROVISIONS DENYING GSP TREATMENT TO PRODUCTS SUBJECT TO IMPORT RELIEF MEASURES. PASSAGE OF THESE PROVISIONS WOULD, IN WORDS OF THE DECLARATION, "ALSO BE INCONSISTENT WITH COMMITMENTS ASSUMED UNDER THE CHARTER OF THE OAS," SPECIFICALLY ARTICLE 19, PROHIBITING COERCIVE ECONOMIC MEASURES, ARTICLE 34 WHICH PROVIDES FOR THE AVOIDANCE OF MEASURES THAT MIGHT HAVE ADVERSE EFFECTS ON ECONOMIC DEVELOPMENT, ARTICLE 40 RELATED TO THE PROMOTION OF REGIONAL INTEGRATION, ARTICLE 41 AIMED AT STRENGTHENING HEMISPHERIC COOPERATION, AND ARTICLE 37 WHICH PROVIDES FOR FAIR AND EQUITABLE NON-DISCRIMINATORY ACCESS TO MARKETS.

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5. USDEL RESPONDED TO DECLARATION BY POINTING OUT THAT WITH EXCEPTION OF COMPETITIVE NEED PROVISION AND NON-ELIGIBILITY OF PRODUCTS SUBJECT TO IMPORT RELIEF MEASURES THE ADMINISTRATION IS ATTEMPTING TO HAVE AMENDMENTS PROPOSED BY THE SENATE FINANCE COMMITTEE MODIFIED OR DELETED. THE PRESENT DELICATE STATUS OF THE TRA IN THE CONTEXT OF THE SEPARATION OF POWERS DOCTRINE MAKES OUR EFFORTS TO EFFECT CHANGES IN THE GSP LEGISLATION PRAGMATIC, INVOLVING DELICATE INTERNAL US GOVERNMENT RELATIONS AND TACTICS. THE US NOTED THAT KISSINGER HAD EXPRESSED HIS CONCERN TO THE MOST SERIOUS PROBLEMS, I.E., THE AMENDMENTS WHICH WOULD AUTOMATICALLY EXCLUDE CERTAIN CATEGORIES OF DEVELOPING COUNTRIES. IT IS ALSO NOTED THAT THE CONCERNS OF THE ADMINISTRATION REFLECTED THE CONCERNS EXPRESSED AT THE FIFTH SCCN AND IN OTHER MEETINGS OF THE SCCN BY LA.

US STATEMENT APPEARED TO DEFLATE RHETORICAL EXCESSES OF LATIN DELEGATIONS, BUT SUBSTANCE OF THEIR CONCERN, I.E., SENATE'S RESTRICTIVE AMENDMENTS, REMAINED INTACT.

6. SUBSEQUENT TO THE SCCN MEETING, ON TUESDAY MORNING, A DELEGATION OF 14 OAS AMBASSADORS, LED BY THE AMBASSADOR FROM VENEZUELA, CALLED ON US PERMANENT REPRESENTATIVE MAILLIARD TO PRESENT HIM WITH THE DECLARATION AND TO REQUEST HIM TO TRANSMIT IT TO THE HIGHEST LEVELS OF THE EXECUTIVE AND LEGISLATIVE BRANCHES OF THE US GOVERNMENT. IN RESPONSE, AMBASSADOR MAILLIARD REITERATED THE ADMINISTRATION'S STRONG INTEREST IN A SATISFACTORY TRADE BILL, ASSURED THE DELEGATION THAT THEIR CONCERNS WERE WELL KNOWN IN THE US GOVERNMENT, AND THAT WE WOULD MAKE THE CONTINUING CONCERN KNOWN IN THE APPROPRIATE WAY. HE CAUTIONED, HOWEVER, RECALLING HIS EXTENSIVE EXPERIENCE AS A CONGRESSMAN, THAT IT IS NOT POSSIBLE TO PREDICT THE OUTCOME OF CONGRESSIONAL ACTION ON THE BILL.

7. OTHER CONTENTIOUS ISSUE DURING SCCN MEETING WAS THAT OF EXPORT PROMOTION. US STATED THAT ITS OFFER OF ADDITIONAL ASSISTANCE TO EXPORT PROMOTION ACTIVITIES WAS MADE IN 1970 AND THAT SINCE THAT TIME THE US HAS MADE ADDITIONAL RESOURCES AVAILABLE THROUGH BOTH BILATERAL AND MULTILATERAL CHANNELS. HOWEVER, AT THE PRESENT TIME, THE US DID NOT PLAN TO INCREASE ITS SUPPORT OF EXPORT PROMOTION ACTIVITIES (WHICH ARE LARGELY CHANNELLED THROUGH CIPE) AND THUS THE PROJECTS PROPOSED IN THE SECRETARIAT'S STUDY OF THE SUBJECT, WOULD HAVE TO BE FINANCED FROM OTHER SOURCES. A RESOLUTION WAS PASSED TAKING NOTE OF THE US POSITION AND INTER ALIA URGING THE US TO RECONSIDER ITS POSITION. THE US ABSTAINED ON THIS RESOLUTION.

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8. REGARDING OTHER AGENDA ITEMS, SUCH AS THE REPORT OF THE AD HOC TRADE GROUP AND THE REPORT OF THE AD HOC GROUP ON MARITIME TRANSPORT, THE MEETING RESOLVED TO APPROVE THE REPORTS AND TRANSMIT THEM TO THE IA-ECOSOC WITHOUT COMMENT.

9. COMMENT: THE MEETING SERVED TO UNDERSCORE THE INTENSE INTEREST OF MANY OF THE LA COUNTRIES IN OUR GSP. THE RESTRICTIVE AMENDMENTS PROPOSED BY THE SENATE FINANCE COMMITTEE IF ENACTED COULD PRESENT A SIGNIFICANT CONTROVERSIAL ISSUE IN BOTH MULTILATERAL AND BILATERAL FORUMS. KISSINGER

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